

# Special Report

## Marketing to Australia's over 45s

The so-called baby boomers are making the headlines again with the release of an in-depth consumer study, *Australian Made: Exposing old myths and new truths on marketing to Australia's maturing population*. In this exclusive report, *B&T* reveals how marketers can hit the right notes with this lucrative group rather than reinforce the clichés.

### Contents

#### Household insights .....18

Generally financially secure and happy to spend on 'quality of life' things, but the 45-64s are still burdened by financial worries.

#### Age group characteristics .....19

The term 'baby boomer' is redundant when considering the huge diversities that exist in the 45-64 population.

#### Brand insights .....20

From FMCGs and automotives to health and beauty products, *B&T* reveals key insights into Australia's maturing population.

#### Five rules for advertisers .....21

Why advertisers shouldn't stereotype and pigeonhole the 45-64s nor use inappropriate celebrity endorsees to flog products.



# EXPOSING THE 'BABY BOOMER' MYTH

Far from being brand loyal and techno-wary, Australia's 45-64s change their purchasing habits to reflect their changing values and are spending more online than the average consumer. **B&T** looks at the major trends identified in the latest consumer research by ACNielsen, Nielsen Media Research and Nielsen//NetRatings into Australia's maturing population.

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ashed-up retirees, free from the responsibilities of kids and work, who are living longer, travelling the world and spending their children's inheritance—just some of the common misconceptions or stereotypes that are all too often used in marketing and advertising campaigns to target Australia's 45-64s.

*Australian Made: Exposing old myths and new truths on marketing to Australia's maturing population* by ACNielsen, Nielsen Media Research and Nielsen//NetRatings puts a different slant on the matter, saying, most importantly, don't call them baby boomers. The study illustrates just how vast and diverse this age group is, which forms the largest group in Australia's population, and how important it is for marketers not to simply segment them as a homogeneous group called 'baby boomers'.

Much like the rest of the western world, there has been a significant shift in the age make-up of Australia's population in the past 20 years, as a result of sustained low fertility and increased life expectancy. According to the Australian Bureau of Statistics, there has been an 18% increase in over 65s, a 26% increase in 45-64s, the 25-44 year-old age group is static at 30% of the population, and there has been a 70% decline in under-25s in the past 20 years (see chart).

#### DIVIDE AND CONQUER

The study argues that marketers would be better off looking at the two distinct mindsets that make up this 45-64 age group, which it has based primarily on life stage and divides them into a younger and older group.

The younger group is characterised by the perspective of looking forward to a better life tomorrow, the study says. Retirement seems far off—they may be planning for it, but it doesn't seem a reachable goal in the short-term.

Whereas the second group is characterised by the mental rule of 'live in the moment'. They tend to be older (around late 50s to early 60s) and are soon-to-be or have recently retired. They're living the life they want to now, keeping a balance and doing more of what they want to do. (See more detailed definitions on page 19.)

"They've reached the zenith of their life and are riding the crest of a wave, looking for ways to extend that ride," Peter Cornelius, managing director of Nielsen Media Research Pacific and spokesman for the report, says.

The study reveals that the group finds much of the media hype around them to be negative, portraying too many incorrect stereotypes such as the one that they're selfish and spoilt, who don't save and spend the kids' inheritances.

"They see themselves as having redefined the parent-child relationship. As parenting extends beyond the traditional 18 years, this generation has invested more into their relationships with their children than any other. The ability of this generation to be connectors between both the aged and younger generations is a key value that savvy marketers can target," Cornelius says.



> Story continued from PAGE 17

### AVOID THE STEREOTYPES

In most cases neither of these two groups wants to be pigeonholed or singled out in advertising messages. Marketers should note that despite the group's "cavalier and carefree reputation, some anxiety is bubbling below the surface", Cornelius says.

"Particularly for those still working and with dependent children, there's an underlying concern about financial matters—funding children, family, lifestyle and future retirement equates to a sense of pressure and stress. Among the older empty nesters of the group, anxiety is focused around the ageing process, both mental and physical. They're trying to delay the effects of ageing. And the idea of mental decline is even more frightening than the physical one. Anything that helps them exercise the brain is appealing," he says.

Sudoku and volunteering, for example, are things that the older members of this group often do to keep their minds active and stave off old age. Savvy marketers should be tapping into insights such as these in their strategies.

"In reality this market tends to be adventurous, they're looking for new challenges and ways to improve their lives. They've built a set of values over the course of their life experiences and feel liberated to express these values through their purchasing behaviour and lifestyle decisions," Cornelius says. "As we look at this market, we can see that brands become important in reflecting their values and that



brands and product endorsees which express the same values are both respected and accepted."

### VALUES CHANGE CONSUMPTION

Rather than maintaining strong brand loyalty, as has often been thought the case, the over-45s in fact have a habit of changing their purchasing habits to reflect their changing values. Some of these changes are:

- buying Australian made. While the majority of Australians will shop based primarily on price, this group is strongly patriotic and supports products which are made in Australia
- they'll support the 'little guy', frequenting a local store rather than (or in addition to) the big chains
- in their quest to maintain health, organic products hold strong appeal
- rather than frittering away the family

fortune, they're prepared to save on the things that don't matter so much, such as commodities, and spend more on the important things, such as experiences.

### SILVER PURCHASERS NOT JUST SURFERS

The study also reveals some dramatic findings around the media consumption patterns of this group. For example, the belief that those in their late 40s and upwards are resistant to technology is a myth. When it comes to technology and the internet, Australia's 45-64s are actually driving the continued increase in online trial with up to 13% logging on for the first time in the past 12 months. This group now makes up 35% of the active adult online population, more than two in every three 45-64 year-olds are now online. They are just as likely to have broadband access at home as any other age group, and are

almost as likely to access the net regularly (61% would have accessed the internet in the last 24 hours).

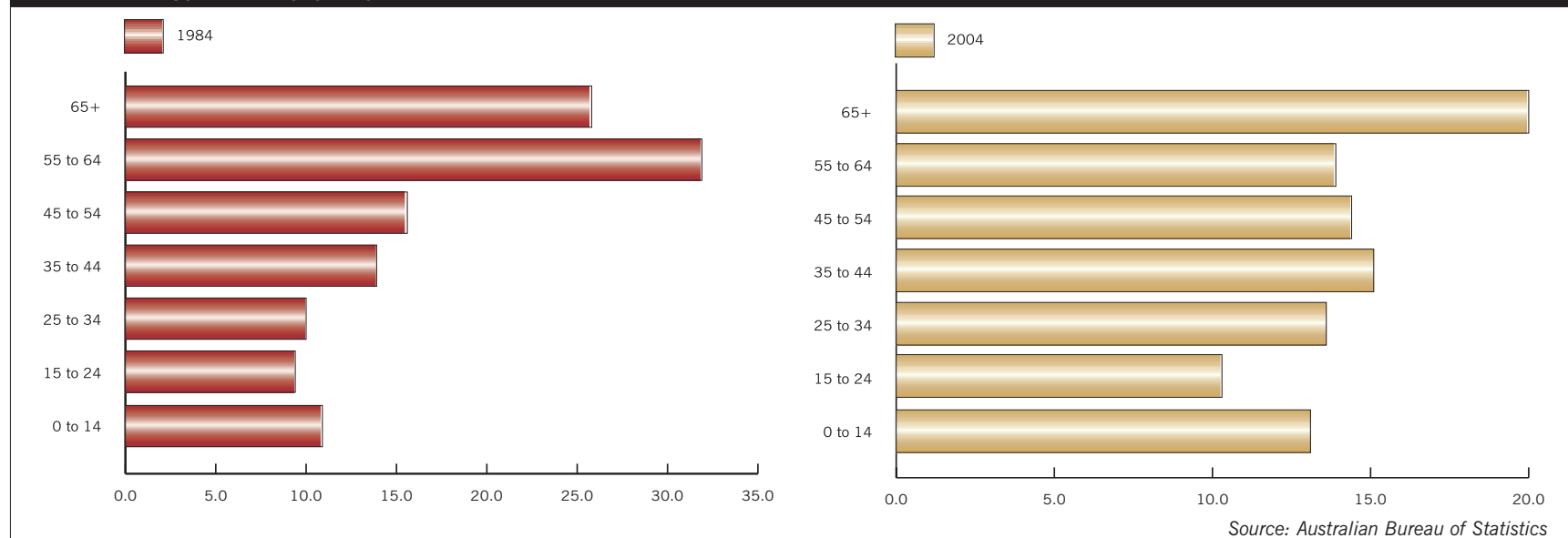
Just under three quarters of 45-54 year-olds and nearly two-thirds of 55-64 year-olds have accessed the internet, and PC ownership is actually higher among 45-64s compared to those aged under 45: 90% of 45-54s have a desktop PC at home, as do 80% of 55-64s. Laptop ownership is also on the increase: 41% of 45-54 year-olds own a laptop and a further 10% have intentions to acquire a laptop.

Statistics like these must surely act as a wake-up call to any marketer with a small proportion of online ad spend who is wishing to tap into this lucrative market.

"Like the younger generations of today, these groups live their values through their lifestyles and the brands they choose. They pride themselves on having a defined set of values that they've developed over the course of their lives through their experiences. Now they feel liberated to express these values through their purchasing decisions. Any marketer who can effectively tap these values will reap the results of what the 45 to 64s have to offer — the largest group in the Australian population, the biggest spenders, the biggest consumers of media, and the most often misunderstood generation of their time," Cornelius says. ■

Australian Made: Exposing old myths and new truths on marketing to Australia's maturing population *was compiled from a range of surveys and information sources by ACNielsen, Nielsen Media Research and Nielsen//NetRatings.*

### TWENTY YEAR AUSTRALIAN POPULATION TREND



## Average incomes

But while our population is ageing, generally those in the older age groups are fairly financially secure—the average 45-54 year-old has a personal income of more than \$45,000 and 55-64 year-old incomes are also high (taking into consideration the early retirees in this group) with an average personal income of around \$34,000.

Looking at household incomes, 45-54s had an average household income of around \$85K, while 55-64s were over \$63K.

Source: Nielsen Media Research—Panorama Jan-Dec 2005

### HOUSEHOLD & PERSONAL INCOME DATA

	AVERAGE PERSONAL INCOME
18-44	\$35,353
45-54	\$45,552
55-64	\$34,500
65+	\$20,000
	AVERAGE HOUSEHOLD INCOME
18-44	\$77,240
45-54	\$85,325
55-64	\$63,443
65+	\$32,202

# Characteristics of the late 40s/early 50s

The first group—the late 40s to early 50s—generally still have children at home, are focused on building their wealth, have a short-term rather than long-term focus, and are looking to balance their day-to-day life.

**Crucially, this group does not identify** itself as baby boomers. To them, boomers are current (or very soon-to-be) retirees. In contrast, they see themselves as being in the 'thick of things', in the middle of life, and don't intend slowing down anytime soon. As such, life is still full of opportunities, hopes and aspirations.

Strong relationships with children are highly valued, and are considered an accomplishment of this group, particularly when compared to their relationships with their parents.

In particular, the parenting role has been extended. Children no longer leave home at 18 years, and once they have moved out, may often return for periods of time. While publicly 'lamenting' their children, in fact they feel valued and needed, and are kept 'in the loop' of their children's (and grandchildren's) lives. This sense of involvement and keeping in touch with younger generations is critical to their sense of worth and belonging.

Leisure and the opportunity to lead a balanced life with sport, recreation and family time is also considered very important and differentiates this group

from their parents, who worked and had little extra-curricular pursuits. But this is continually being put under pressure due to work-life issues.

Linked to this is the importance of variety and trying new things, particularly for males where this often manifests itself in sport, as a way to 'test' their bodies and to stay healthy. Examples include beginning martial arts in their 40s, tracking and monitoring a regular running program, and playing football.

This group feel they are under constant

time pressure; juggling multiple responsibilities and roles. They say they look forward to being 'empty-nesters', to being more spontaneous with their partner once children are old enough to be left alone. However, they also say that they see themselves as being at the peak of life, wanting to be active and live life to the full. They're interested in new experiences: overseas travel, different cultures and enjoying natural environments. They also enjoy a physical challenge and trying new sports. They



have a lot to look forward to over the coming years.

The positive aspects of life and some of the things that keep them awake at night are listed below:

## POSITIVES

- Value a higher standard of living than parents
- Filled with hope and aspirations for the future
- Value open and more equal relationships with children
- Short-term focused—retirement is far off on the horizon for most
- Enjoy new experiences and variety

## NEGATIVES

- Pressured by life, trying to keep heads above water
- Multiple demands, including work, children, financial pressures, elderly parents
- Males in particular seem overwhelmed, burdened and stressed
- No 'slowing down' towards the end of a career
- Body is beginning to slow down, ageing process has begun

# Characteristics of late 50s/early 60s

The second group—the late 50s to early 60s—have generally reached a stage where they can reflect on their lives as well as look forward, and are quite aware of their current situation.

**They are living for the moment and** doing more of the things they want to do. They feel they have reached the zenith of life and are riding the crest of a wave—that is, the wave of life—and are constantly looking for ways to extend the ride and stay on that plateau before old age kicks in.

Looking back, they feel they have gained wisdom through their collection of life experiences. For some, this results in the formulation of clear values, which influence their behaviour—such as volunteerism, political lobbying and even shopping behaviour.

In a sense, they now have the 'luxury' to be able to make value-based decisions, whether that is how they spend their time or what they buy. This group also believes that their behaviour has been misconstrued by the media as being 'selfish', which leaves them feeling misunderstood. But in addition to their feelings of empowerment, there is some underlying anxiety. This stems primarily from two causes:

1. the financial consequences of a long retirement
2. the quality of life consequences of the ageing process.

## THE FINANCIAL JIGSAW

While it is the cause of anxiety, ultimately most do not dwell on the financial realities of funding retirement for up to 25 years. There is an expectation that the government pension will provide support if they require it. Services such as reverse mortgages are seen as potential solutions should they strike financial hardship. They're also much less likely than their parents to save all their wealth for inheritance. Generally they take the stance that children should not expect an inheritance (however they will try to provide them with one) and that parenting is a much larger financial burden for this generation than for their parents, with children living at home for a lot longer and at a higher standard of living.

## PRESERVING QUALITY OF LIFE

As they get ever closer to 'old age'—that is the 70s, 80s and beyond—this group is increasingly self-aware of the ageing process and one of their key motivators is to prolong their lifestyle 'plateau' before a decline begins in the ageing process. This awareness drives a number of behavioural characteristics, such as an increasing focus on maintaining health through nutrition and exercise and an adoption of techniques such as Sudoku to 'keep the grey cells ticking'.

For many in this second group, their ideal lifestyle is characterised by simple, affordable, social pleasures—not the expensive, extravagant lifestyle that is sometimes portrayed in the media. While many may desire international travel, the reality for most is travel within Australia. They enjoy nature, walks on the beach, fishing holidays, home-cooked meals with friends, and spending time with the family. They too believe they have a lot to look forward to in the coming years.

Some of the positive and negative aspects of life are listed below:

## POSITIVES

- High level of self-awareness and confidence
- Happy time of their life—children have left home, many have retired, downsizing, simplified life
- Opportunity to focus on themselves (particularly women) and indulge in own interests and pursuits
- Likely to be involved in volunteer work and championing community causes/issues

## NEGATIVES

- The changing roles in marriage over the decades resulting in emancipated women
- Risk of men being 'left behind'—unclear role in the marriage and the household
- Underlying anxiety of financial reality and the need to support themselves for up to 25 years in retirement.
- Realistic and pragmatic approach to life.



## Inside the home

Taking a look at the average 45-64 year-old household make-up, it is most likely to consist of some or all of the following traits:

- separate house (vs flat or semi) owned outright
- medium-sized household with two to three members
- medium to high income level
- full or part-time workers/non-retirees
- multiple televisions
- higher than average PC ownership and internet access
- at least one pet

1. Arnott's biscuits
2. Whiskas pet food
3. Cadbury chocolate
4. Birds Eye frozen vegetables
5. McCain frozen vegetables
6. Paul's dairy products
7. Coca-Cola
8. Pura milk and cream
9. Yoplait yoghurt
10. Kraft cheese

Surprisingly, there is little difference between what's in the average 45-64 year-old's pantry to that of a 20, 30 or 40 year-old.

Source: ACNielsen

Looking a bit deeper, the average shopping basket of a 45-64 year-old is likely to contain the following items (based on top 10 brands purchased):

## Insights for automotive

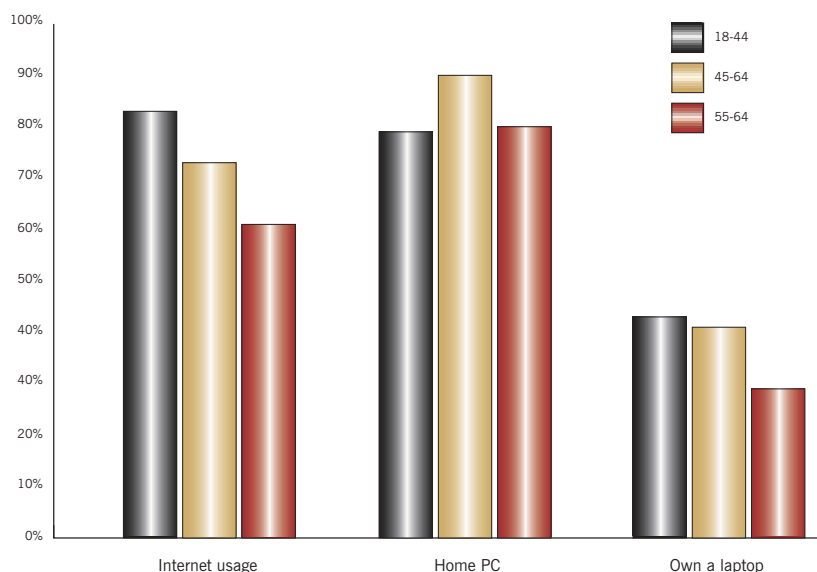
The perceptions and values placed on cars changes as people move through various life stages. For the 45-64s, cars represent a strong sense of identity. And while the passion for status and brands may abate, the importance of cars does not.

The functionality of a car—to provide space for pets and/or grandchildren, and enable them to remain involved with their social networks—is as important as the make or model. Cars offer the tool through which they remain relevant, accessible and engaged.

In keeping with the learnings for health and beauty marketers, advertising focused on the practical, functional aspects of vehicle features and benefits will have the greatest resonance among this group. ■

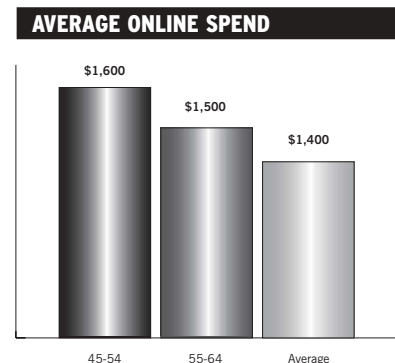
## Appetite for technology

Looking at some of the more regular online services being tapped into by the 45-64s, the most popular sites were email, travel guides and services, online banking, bill payment and flight booking sites. Other popular sites included educational and informative, health, property/classifieds, directories and financial sites:



- 93% use email
- 63% use travel guides and services
- 61% use online banking
- 55% pay bills online
- 57% book flights online
- Approximately **one in two** undertake education/study online
- 54% go online for news/sport/weather updates
- 47% use online health/medicine sites
- 38% use property, 33% employment, 22% auto classifieds
- Approximately **two-thirds** use online directories
- 25% use Instant Messenger (largely 45-54s)
- 56% visit online shopping sites
- 24% use online insurance/personal investment services
- 15% have participated in online auctions.

In addition, the 45-64s are spending more online too, averaging around \$150 more per year than the average consumer (see chart on right for average annual online spend).



Sources: ACNielsen and Nielsen//NetRatings

## Insights for financial services

The financial services sector is obviously a key area for 45-64s as they prepare for their impending retirement years.

They seek advice from professionals when investing money and prefer to let professionals manage their investments. They see that professionally managed funds offer good value, although they'll opt for something with low risk but which can provide a sustainable income.

Insurance is also important, including home and contents, car and health insurance, and key criteria are the product features and benefits as opposed to price.

In terms of diversity of financial equity, 45-64s are more likely than any other age group to own investments, in particular term deposits, shares and non-employer superannuation funds. The value of their investments is also larger—they're considerably more likely to have an

investment worth more than \$150,000 than any other age group.

In terms of providers, the majority prefer to stick with one main provider for most of their financial services (36% of 45-54s and 43% of 55-64s), and the vast majority are unlikely to switch their everyday banking relationship within the next 12 months (44% of 45-54s and 46% of 55-64s).

As one of the first generations to have started contributing to their superannuation funds, they're keenly aware of the importance of these funds in supporting them through their retirement, which could last for 25 to 30 years or more. Their likelihood of switching super funds is also low, although as many as 23% of 45-54s and 20% of 55-64 year-olds might consider changing to another fund. ■

## Insights for FMCG brands

Those in 45-64 year-old households tend to spend more on groceries, primarily because they shop more often.

There is little distinction between the level of participation at a category level, although the 45-64s have a higher spend seen across most categories with the only notable, although unsurprising, exception being the consumption of baby and sanitary products.

It also appears that 45-64s are most likely to shop towards the end of the week. Their acceptance of private label products is in line with the average of around 17% of shopping spend.

Generally, 45-64s value their 'traditional' attitude to food. They cook a meal 'from scratch' with fresh ingredients. Convenience and fast foods are less relevant to them.

The 45 to 64s can be categorised as having an 'extreme consumer' profile.

This translates to consumers whose purchasing habits aren't in line with what we would call 'consistent' or 'normal'. This manifests itself in:

- consciously buying Australian-made products, even if they cost more, while also purchasing private label products or brands that are on sale in order to save money for 'quality of life' activities. Using alternative stores for a particular product in protest of private label reducing brand variety in store
- buying from independent retailers to support small business; purchasing based on quality—because they can afford it now; and a more demand-based approach to shopping as the household size decreases. ■

## Where are they spending?

In terms of expenditure and shopping habits, Australia's 45s-64s are spending more on shopping compared to both their older and younger counterparts. Similarly, their credit card usage, grocery spend and investment in renovations is above average, while entertainment is just slightly above average. The tables below rank the top nine areas where 45-64s spend their spare cash.

### 45-54S SPENDING PRIORITIES

- 1 Debt reduction
- 2 Holidays
- 3 Out-of-home entertainment
- 4 Home improvements/decorating
- 5 Saving
- 6 New technology
- 7 New clothes
- 8 Retirement fund
- 9 Investing in shares/mutual funds

### 55-64S SPENDING PRIORITIES

- 1 Holidays
- 2 Out-of-home entertainment
- 3 Debt reduction
- 4 Home improvements/decorating
- 5 Savings
- 6 Retirement fund
- 7 Investing in shares/mutual funds
- 8 New clothes
- 9 New technology

Source: ACNielsen Global Consumer Confidence Survey, November 2005

## Insights for travel and tourism brands

As they edge closer to retirement and start to wind down at work, the frequency of travel for 45-64s increases both domestically and internationally. The number of 45-64 year-olds travelling in Australia and overseas has taken a major leap in the past five years—this group was between 35% and 45% more likely to have taken a trip in Australia in 2005 than they were five years earlier, and around 20% more likely to have taken an overseas sojourn in 2005 than in 2000.

These trends reflect their zest for life and quest for new and exciting experiences along the way.

In terms of where they're travelling to,

particularly for those with children still at home, travel is very much a family decision. Holidays are time-focused given work constraints and often fit around school holiday periods, with their children playing a strong role in the decision-making process.

For those empty nesters whose children have left home, there is a desire for spontaneity, such as weekends away and short breaks. Conversely, holidays

are also often replaced by 'travel'—ambling, long-term journeys that are epitomised by the so-called 'grey nomads' caravanning around Australia.

In booking their holidays, the 45-64s are less likely to use the internet than their younger counterparts, and are more likely to enlist the help of a travel agent. Conversely, they are also more likely to be influenced by articles in newspapers or magazines on places to visit. ■

	DOMESTIC TRAVEL (P6M)	INT'L TRAVEL (P12M)
45-54	38%	19%
55-64	45%	25%

*Travel & tourism chart data, Nielsen Media Research*

## Insights for health and beauty brands

Health is of huge importance for the 45-64s, particularly those in their 60s. This group is distinguished by its degree of self-obtained knowledge about health issues. They're informed, educated, and willing to question their healthcare provider's advice.

They're sceptical of health product advertising and will try to avoid purchasing over-the-counter products without a professional recommendation, while at the same time being highly trusting of and reliant on product labelling. Generally, they're looking for factual, statistical and technical information and diagrams rather than hype and fanciful claims.

A key differentiation between younger consumers (under 45s) and 45-64s is the greater emphasis placed on health by the older group. Generally they are keenly aware that the ageing process has begun, which becomes apparent when we look at their shopping habits—they're more inclined to buy organic and fresh/chilled foods and display more concern about preservatives in food. They actively avoid unhealthy foods and this influences their choices when dining out. They'll look for a healthy option as a key priority in choosing a takeaway restaurant. Similarly, concern for their personal health is evident through their level of concern around cholesterol, heart

problems, and skin cancer.

The definition of beauty differs for women in this group: they see beauty as a more encapsulating concept of physical and emotional traits. For marketers, this attitude is important in shaping messages that resonate with this group and make a connection. Cosmetic advertising is taken with a healthy dose of scepticism, particularly when claims are made about the extent of change/effect the product can offer, the time required before an effect is visible, and the 'after' shots of computer-enhanced skin or hair. As with health and medical products, they're looking for factual information rather than hype and fanciful claims. ■

## Five rules for advertising to the 45-64s

The 45-64 year-old age group offers some major opportunities, across a variety of industries, for those marketers and advertisers who can effectively tap into and 'reach' the group with the appropriate products and messages. Providing, that is, that they bear in mind the following:

**1** If showing this age group in advertising, they should be portrayed correctly and not just stereotyped. Seeing active, engaged boomers who are trying new things is more appealing than being called pensioners.

**2** Physical age is less important than how old people feel, and their current life stage—a lot of 45-64s are still parents of young kids who still live at home. Advertising is effective if it can connect with the viewer's values and motivations, even if the person represented is of a different age to that of the viewer.

**3** Don't shy away from communicating technical information—respect the intelligence of your audience

(particularly in relation to health issues) but do not pretend to be 'clever' with made-up jargon and terminology to try and trick or confuse them (particularly in relation to cosmetics).

**4** Where celebrity endorsement is used, endorsees need to be relevant and credible for both the product they are endorsing and the target group they are addressing. Positive examples of endorsees include Robert de Castella for healthcare products: as a fit and active '50 something', he is believable, credible and relevant. Susan Sarandon for beauty products is another example of an endorsee who is regarded positively. Her credibility is derived from the congruence between her off-screen age and her on-screen profile of playing her own age in films. Other celebrities and sporting stars must suit the product they are endorsing and their endorsement must make the product more attractive (for example, if footballers were using business class, would you want to be in business class alongside them?).



**5** In use of tone, credibility and authenticity is derived from the type of voice used in communications, particularly in the service industry where service staff embody the brand experience. An older voice is considered

more suitable, respectful and authoritative. Similarly, vocabulary appropriate for the target group is a necessity—as terms such as 'cool' or 'awesome' will not resonate at all well with this demographic. ■